

MIDWAY LIMITED

(ASX: MWY)

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Change in Segment Reporting and Market Update

Midway Limited, (the **Company**) Australia's largest woodfibre processor and exporter, is changing its segment reporting to better reflect its new operating model following the acquisition and investment in new businesses.

SEGMENT REPORTING CHANGE

The first half financial accounts for the 2019 financial year, to be released on 21 February, will include segment information for plantation management, forestry logistics, woodfibre processing and ancillary activities which includes the marketing of woodfibre trading business. A restated segment report for the half year ended 31 December 2017 and year ended 30 June 2018 is attached to assist shareholders in the transition to the new reporting structure.

The new segment reporting structure will no longer provide detailed financial data for each of the woodfibre production and export sites including the joint venture sites at Portland and in Brisbane. As a result, the combined woodfibre production and export sites segment will comprise the largest portion of Midway revenue and profits as shown in the table below:

Segment	Aggregation
Woodfibre processing	Midway Geelong (MW) South West Fibre (SWF) (51%) Queensland Commodity Exports (QCE) Plantation Management Partners (PMP) (post restructure on 2 October 2018 and excluding silviculture activities) Midway Tasmania (except for woodfibre trading business)
Forestry Logistics	Softwood Logging Services (SLS) Biogrowth Partners (BGP) (equity accounted) ADDICO (equity accounted)
Plantation Management	Midway Plantations (MWP) Plantation Management Partners Pte Ltd (PMP PTE) Silviculture activities Plantation Management Partners (PMP) (prior to restructure)
Ancillary	Capital raising costs Marketing of third-party vessels (chip trading costs) Business Acquisition costs

Following the acquisitions of Plantation Management Partners (PMP) and investments in, ADDCO, and more recently SLS and BGP, future segment reporting will show bigger contributions from plantation management and forestry logistics.

MARKET UPDATE

The Company advises that the underlying statutory EBITDA for the first half of the 2019 financial year (**1H19**) is expected to be in the range of 11 to 12 million; this is materially higher than the prior corresponding period (**pcp**) in 2018 (**1H18**) as 1H18 was primarily affected by shipping delays and 1H19 will benefit from improved market conditions.

It is also expected that woodfibre export volumes in the second half of the 2019 financial year (**2H19**) will not be as strong as the second half of 2018 which included the delayed woodfibre export shipments from 1H18. Depending on customer requirements, there is also the potential for some woodfibre export shipments currently scheduled for June 2019 to occur and be recognised in the next financial year.

Whilst lower woodfibre export volumes are expected for 2H19 on a pcp basis, Midway remains comfortable that the full year 2019 profit result will be consistent with the current analyst consensus range.

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About Midway Limited

Midway Limited is a leading Australian forestry company with headquarters in Geelong, with majority shareholdings in South West Fibre Pty Ltd (SWF) based in the Green Triangle, and Queensland Commodity Exports Pty Ltd (QCE) based in Brisbane. Founded in 1980, Midway is primarily involved in the production and export of high quality wood fibre to producers of pulp, paper and associated products in the Asian region. For further information, visit www.midwaylimited.com.au.

Notes to the Consolidated Half Year Financial Statements

4. Segment Reporting (continued)

(a) Segment information provided to senior management

31/12/2017 (restated)

(\$'000)	Woodfibre Processing	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Sales revenue	112,073	-	2,116	-	(29,035)	85,154
Inter segment sales	-	-	843	-	(843)	-
Other income	1,641	-	459	-	(96)	2,004
Total revenue and other income	113,714	-	3,418	-	(29,974)	87,158
Share of equity accounted profits	-	-	-	-	1,153	1,153
EBITDA before significant items	8,263	-	(484)	(32)	(1,216)	6,531
Significant items	-	-	-	-	-	-
EBITDA	8,263	-	(484)	(32)	(1,216)	6,531
Depreciation and amortisation	(2,160)	-	(335)	(242)	733	(2,004)
EBIT	6,103	-	(819)	(274)	(483)	4,527
Net finance expense	(1,098)	-	(26)	-	(11)	(1,135)
Net profit before tax	5,005	-	(845)	(274)	(494)	3,392
Income tax expense	(1,552)	-	273	73	494	(712)
Net profit after tax	3,453	-	(572)	(201)	(0)	2,680
Segment assets	126,970	-	101,919	-	(55,358)	173,531
Equity accounted investees	12,726	-	-	-	-	12,726
Capital expenditure	(924)	-	(3,784)	-	(143)	(4,851)
Segment liabilities	(52,927)	-	(29,497)	-	(3,773)	(86,197)

30/06/2018 (restated)

(\$'000)	Woodfibre Processing	Forestry Logistics	Plantation Management	Ancillary	Eliminations	Total
Sales revenue	254,330	-	8,026	-	(30,444)	231,912
Inter segment sales	-	-	8,063	-	(8,063)	-
Other income	3,000	-	1,430	1,007	(1,224)	4,213
Total revenue and other income	257,330	-	17,519	1,007	(39,731)	236,125
Share of equity accounted investments	-	(35)	-	-	3,891	3,856
EBITDA before significant items	30,827	(35)	134	937	(3,119)	28,744
Fair value gain on biological assets	-	-	2,615	-	-	2,615
EBITDA	30,827	(35)	2,749	937	(3,119)	31,359
Depreciation and amortisation	(4,364)	-	(691)	(885)	1,481	(4,459)
EBIT	26,463	(35)	2,058	52	(1,638)	26,900
Net finance expense	(2,133)	-	(18)	-	(30)	(2,181)
Net profit before tax	24,330	(35)	2,040	52	(1,668)	24,719
Income tax expense	(7,742)	-	(534)	286	1,668	(6,322)
Net profit after tax	16,588	(35)	1,506	338	(0)	18,397
Segment assets	134,324	-	111,376	-	(57,359)	188,341
Equity accounted investees	12,948	-	-	-	-	12,948
Capital expenditure	(2,546)	-	(5,084)	-	237	(7,393)
Segment liabilities	(65,953)	-	(30,919)	-	7,759	(89,113)